

## Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

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COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 AGR-20 DRC-01

/176 W

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R 191335Z DEC 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8612

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN IN

SUBJ: INDIA'S FOREIGN EXCHANGE RESERVES

SUMMAPI: INDIA'S FOREIGN EXCHANGE RESERVES WERE \$1,364 MILLION  
AT END-AUGUST 1973 AND ARE ESTIMATED BY EMBASSY TO BE \$1,192 MILLION  
AS AT END-NOVEMBER. END SUMMARY.

1. OFFICIAL INDIAN DATA ON RESERVES FOR THE MONTH OF AUGUST SHOW  
RESERVE BANK OF INDIA (RBI) HOLDINGS OF FOREIGN EXCHANGE  
OF RS. 4.40  
BILLION (\$580 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE  
ON LONDON MARKET IN AUGUST OF RS. 7.59 EQUAL \$1.00). OTHER COM-  
PONENTS WERE: (A) RS. 780 MILLION (\$103 MILLION) IN FOREIGN EXCHANGE  
HOLDINGS OF THE GOI; AND (B) RS. 1.83 BILLION IN GOLD (\$293 MILLION

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VALUE AT \$42.22 AN OUNCE). ACCORDING TO DECEMBER INTERNATIONAL

FINANCIAL STATISTICS (IFS), INDIA'S SDR HOLDINGS AT END-AUGUST WERE \$296 MILLION AND GOLD TRANCHE POSITION \$92 MILLION. TOTAL RESERVES AT END-AUGUST THUS TOTALLED \$1,364 MILLION.

2. ONLY INCOMPLETE DATA AVAILABLE PAST AUGUST. ACCORDING TO THE RBI'S LATEST WEEKLY BALANCE SHEET, THE RBI ON NOVEMBER 30 HAD FOREIGN EXCHANGE HOLDINGS OF RS. 3.24 BILLION (\$412 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE IN LONDON DURING NOVEMBER OF RS.,B7.67 EQUAL \$1.00). ITS GOLD HOLDINGS CONTINUED TO BE RS. 1.83 BILLION (\$29 MILLION). INDIA'S SDRS WERE \$296 MILLION AND GOLD TRANCHE POSITION IN THE FUND \$92 MILLION AT END OF OCTOBER, ACCORDING TO IFS.

3. ASSUMING NO CHANGE IN SDRS AND GOLD TRANCHE POSITION SINCE END-OCTOBER AND NO CHANGE IN GOI (AS OPPOSED TO RBI) HOLDINGS ABROAD SINCE AUGUST, INDIA'S TOTAL RESERVES AS AT END-NOVEMBER ARE ESTIMATED BY EMBASSY AT \$1,192 MILLION.

4. DECLINE IN RESERVES IN RECENT MONTHS, ACCORDING TO THE GOI FINMIN CHEVAN'S STATEMENT IN THE LOK SABHA WAS MAINLY DUE TO PAYMENTS FOR IMPORT OF FOODGRAINS AND INCREASED FOREIGN EXCHANGE COST OF PETROLEUM AND ITS BY-PRODUCTS. SINCE INDIA DENOMINATES ITS FOREIGN EXCHANGE HOLDINGS IN THEIR RUPEE EQUIVALENT, A PORTION (WHICH WE ESTIMATE AT \$20 MILLION) OF THE DECLINE IN THE DOLLAR VALUATION ON INDIA'S RESERVES BETWEEN AUGUST AND NOVEMBER IS DUE TO THE WEAKENING OF STERLING.  
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## Message Attributes

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